

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

NATIONAL HOSIERY MILLS, LIMITED

(An operating Company incorporated under the Laws of the Province of Ontario by Letters Patent dated the 25th day of July, 1928)

CLASS "A" AND CLASS "B" SHARES WITHOUT NOMINAL OR PAR VALUE
(Certificates transferable in Toronto)

CAPITAL SECURITIES AS AT JUNE 25, 1946

Stock	Par Value	Number of Shares Authorized	Number of Shares Issued	Number of Shares to be Listed
*Preferred.....	\$5.00	100,000	15,671	None
Class "A".....	N.P.V.	81,986	81,986	81,986
Class "B".....	N.P.V.	40,993	40,993	40,993

*Notice of redemption of 15,671 Preferred shares given for October 1, 1946

Hamilton, Ontario, June 25, 1946.

1. National Hosiery Mills, Limited (hereinafter referred to as the "Company") hereby makes application for listing on The Toronto Stock Exchange of 81,986 Class "A" shares and 40,993 Class "B" shares of no par value, all of which are outstanding.

2. HISTORY

The Company was formed July 25th, 1928, the capital consisting of 50,000 non-cumulative redeemable Preference shares without nominal or par value, and 100,000 Common shares without nominal or par value. The 50,000 Preference shares were sold to underwriters in the United States for \$400,000.00 cash net.

The Company was formed primarily to manufacture hosiery for the Real Silk Hosiery Mills of Canada, Limited, a company selling hosiery and lingerie from door to door.

On August 23rd, 1928, National Hosiery Mills, Limited, purchased all the issued and outstanding fully paid and non-assessable capital stock of the Real Silk Hosiery Mills of Canada, Limited, namely, 495 shares, par value \$100.00 each, by issuing therefor 50,000 shares of National Hosiery Mills, Limited Common stock without nominal or par value as fully paid and non-assessable.

National Hosiery Mills, Limited, carried on its own business in conjunction with Real Silk Hosiery Mills of Canada, Limited, until on or about the 8th of November, 1938, when the said Company, the Real Silk Hosiery Mills of Canada, Limited, was wound up and its assets distributed to the parent company. Thereafter it continued to develop and manufacture the finer lines of full fashioned hosiery and increase its outlets through the retail trade with whom the Company's manufactured lines have found exceptional favour.

3. NATURE OF BUSINESS

The Company is engaged in the manufacture and distribution of Full Fashioned Hosiery under the following brand names: "Phantom," "Inspiration," "Pencil Seam." The Company manufactures a complete line of Full Fashioned Hosiery in two plants, one located in Richmond, Quebec, and one in Hamilton, Ontario. Sales are made to leading retail stores in all provinces of Canada and to fourteen foreign countries.

Sales for the last three years, ending December 31st, were: 1943, \$1,329,557.89; 1944, \$1,499,067.36; 1945, \$1,475,493.48. Estimated sales for 1946, \$1,800,000.00. Number of employees at June 25, 1946: 375.

4. ORGANIZATION AND CAPITAL CHANGES

The Company was incorporated July 25th, 1928, by Letters Patent under (Ontario) The Companies Act. By Supplementary Letters Patent issued under (Ontario) The Companies Act, dated December 28th, 1944, the capital was increased by the sum of \$500,000.00 by creating 100,000 new 5½% cumulative redeemable Preference shares of the par value of \$5.00 each and confirming a compromise between the Company and its shareholders whereby the issued and outstanding old Preference shares were redeemed. This compromise was completed resulting in there now being issued and outstanding 15,671 5½% Cumulative Redeemable Preference shares of the par value of \$5.00 each and 81,986 Common shares without nominal or par value.

This listing statement is a copy of the listing application made by the applicant company. The Exchange has received no consideration in connection with the issue of this listing statement other than the customary listing fee. The papers and exhibits submitted by the applicant company in support of the listing application are open for inspection at the general office of the Exchange.

The Company has passed a resolution redeeming the 15,671 5½% Cumulative Redeemable Preference shares as of October 1st, 1946, and notice thereof has been given to all the registered holders of such shares. By Supplementary Letters Patent issued under (Ontario) The Companies Act dated the 25th of June, 1946, the unissued 5½% Cumulative Redeemable Preference shares, namely 84,329, and the unissued Common shares of no par value, namely 18,014, were cancelled, the authorized capital so reduced and the issued and outstanding Common shares, namely 81,986 shares, were sub-divided and classified into 81,986 Class "A" and 40,993 Class "B" shares without nominal or par value.

5. NO PERSONAL LIABILITY

All the capital stock of National Hosiery Mills, Limited, issued and outstanding, is fully paid and non-assessable, and no personal liability attaches to the ownership thereof.

6. SHARES ISSUED

81,986 Class "A" shares and 40,993 Class "B" shares; date of reclassification, June 25th, 1946.

7. STOCK PROVISIONS AND VOTING POWERS

The Class "A" shares carry a fixed preferential cumulative cash dividend at the rate of sixty cents (.60) per share per annum, payable in quarterly installments of fifteen cents (.15) each on the first days of January, April, July and October in each year.

No dividend can be declared, or paid, on the Class "B" shares unless all accrued cumulative dividends on the Class "A" shares have been paid.

In the event of liquidation the holders of Class "A" shares are entitled to receive an amount equal to all accrued and unpaid dividends thereon before any distribution of assets will be made to Class "B" shares. Thereafter, remaining assets to be distributed equally between Class "A" and Class "B."

The holders of Class "A" shares are not entitled to vote at any meeting of the shareholders except as specified in the Supplementary Letters Patent, as follows (one vote for each Class "A" share held):

- (1) When the Company has failed to pay six quarterly dividends—and so on from time to time.
- (2) On application for Supplementary Letters Patent creating additional capital stock.
- (3) Voluntary winding up its affairs—surrender of charter with view to discontinuing undertaking.
- (4) To lease or sell undertaking of Company or of any subsidiary.
- (5) Creating on the whole or part of the real or personal property of the Company a mortgage, lien, bonds, debentures, etc., by Company or any subsidiary maturing more than twelve months after creating same, excepting:
 - (i) The giving or assuming of a mortgage, lien or other encumbrance by the Company or any subsidiary on the fixed assets of either acquired after December 31st, 1945, not exceeding 75% of the value thereof;
 - (ii) Refunding or renewing of any mortgage, lien or encumbrance existing on December 31st, 1945, or permitted under (i) of this part;
 - (iii) The giving of security under The Bank Act of Canada by the Company or any subsidiary or otherwise to a Bank or other persons for loans for carrying on the business of the Company or of any subsidiary—such loans payable on demand or otherwise within twelve months from date of making;
 - (iv) The making of any loans or advances whether or not secured by mortgage or other charge by Company to subsidiary or vice versa or by subsidiary to subsidiary but no such loan may be assigned to any other than such parties unless coming within (i), (ii) or (iii.)

The holders of Class "A" shares have the right to convert their shares at any time—one share of Class "A" for one share of Class "B." At all meetings of the shareholders of the Company, the holders of Class "B" shares are entitled to one vote for each such share held by them.

8. DIVIDENDS

The following dividends have been paid on the 5½% Cumulative Redeemable Preference shares of the par value of \$5.00 each:

Payment Date	Rate	Amount per Share	Total
April 1, 1945	5½% per annum	\$.06875	\$1,077.78
June 30, 1945	" " "	.06875	1,077.78
Oct. 1, 1945	" " "	.06875	1,077.78
Jan. 1, 1946	" " "	.06875	1,077.78
April 1, 1946	" " "	.06875	1,077.78
July 1, 1946	" " "	.06875	1,077.78
Oct. 1, 1946	" " "	.06875	1,077.78

(Payable on surrender of certificates for redemption)

There have been no dividends paid on the outstanding Common stock of the Company but as set out in paragraph 7 the regular quarterly dividend of fifteen cents (.15) per share will be paid on Class "A" shares; the first payment to be made October 1st, 1946.

9. PROPERTIES

HAMILTON PLANT—

Land.—The Hamilton property owned by the Company consists of 3.187 acres, being composed of part of Park Lot No. 11 on the westerly side of Dundurn Street in the said City of Hamilton in the County of Wentworth in the Province of Ontario, Canada.

Building.—The plant at Hamilton is a two-storey steel reinforced brick building of approximately 30,000 square feet floor space. It is fully equipped with all necessary machinery to manufacture full fashioned hosiery from the knitting operation to dyeing and finishing.

RICHMOND PLANT—

Land.—In the Town and County of Richmond in the District of St. Francis in the Province of Quebec and being parts Lots numbers 216-2 and 216-4 and the whole of lot number 216-3, having an area of approximately two acres.

Building.—The building at Richmond is a two-storey brick building in which is contained a complete throwing plant for the processing of silk rayon and nylon yarns for full fashioned knitting. There is a one-storey brick extension to this plant in which is contained complete equipment for knitting full fashioned hosiery and processing this hosiery, except for dyeing and finishing, these operations being performed at the Hamilton plant. The total floor space is approximately 30,000 square feet.

10. SUBSIDIARY COMPANY

None.

11. FUNDED INDEBTEDNESS

The Company has no funded debt.

12. OPTIONS AND UNDERWRITINGS

There are no options or underwritings in connection with the shares of the Company, except the conversion privilege as authorized in paragraph seven.

13. LISTING ON OTHER STOCK EXCHANGES

None.

14. SECURITY COMMISSION REGISTRATION

As the Company has not made any offering to the public in recent years no registration or approval was required.

15. FISCAL YEAR

The Company's fiscal year end is December 31st. The annual meeting of shareholders is held at the Company's head office or at such other place as the Directors may appoint, at a time fixed by resolution of the Board of Directors.

16. HEAD OFFICE

The head office of the Company is located in Hamilton, Ontario.

17. TRANSFER AGENTS

The Company's transfer agents are National Trust Company, Toronto.

18. TRANSFER FEES

No fee other than the customary stock transfer tax is charged on transfer of the Company's shares.

19. REGISTRARS

The Company's registrar is the National Trust Company at Toronto.

20. AUDITORS

The Company's auditors are S. G. Richardson and Company, Chartered Accountants, Hamilton.

21. OPINION OF COUNSEL

Opinion of Langs and Binkley, Barristers and Solicitors, 21 Main Street East, Hamilton, as to the proceedings relating to incorporation and organization of the Company as to the validity of its securities and the fact that they are fully paid and non-assessable, is on file with the Toronto Stock Exchange.

22. OFFICERS

President and Treasurer.....Eugene B. Eastburn.....44 Inglewood Drive, Hamilton, Ont.
Vice-President.....Joseph A. Kitchen..... 269 McNab Street, Dundas, Ont.
Secretary.....Walter Hardie..... ..164 Hillcrest Avenue, Hamilton, Ont.
Chairman of the Board of Directors.....Cecil V. Langs.....21 Main Street East, Hamilton, Ont.

23. DIRECTORS

Eugene B. Eastburn.....44 Inglewood Drive, Hamilton, Ontario
Joseph A. Kitchen.....269 McNab Street, Dundas, Ontario
Walter Hardie.....164 Hillcrest Avenue, Hamilton, Ontario
Herbert P. Frid.....395 Queen Street South, Hamilton, Ontario
Ralph C. Ripley.....20 Cottage Avenue, Hamilton, Ontario
George M. Williams.....Box 1001, Middletown, Connecticut, U.S.A.
Cecil V. Langs.....21 Main Street East, Hamilton, Ontario

CERTIFICATE

"Pursuant to a resolution duly passed by its Board of Directors the 24th day of June, 1946, the applicant company hereby applies for listing of the above mentioned securities on the Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct."



NATIONAL HOSIERY MILLS, LIMITED.

"E. B. EASTBURN," *President.*

"WALTER HARDIE," *Secretary.*

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

Class "A"—As of June 25th, 1946

<i>Number</i>						<i>Shares</i>
433	Holders of	1 - 100	share lots			12,651
19	"	101 - 200	"	"		3,016
10	"	201 - 300	"	"		2,708
5	"	301 - 400	"	"		1,833
1	"	401 - 500	"	"		461
7	"	501 - 1000	"	"		4,846
8	"	1001 - up	"	"		56,471
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483	Stockholders			Total shares		81,986

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

Class "B"—As of June 25th, 1946

<i>Number</i>						<i>Shares</i>
452	Holders of	1 - 100	share lots			7,833½
15	"	101 - 200	"	"		2,270½
4	"	201 - 300	"	"		1,035
3	"	301 - 400	"	"		1,118½
1	"	401 - 500	"	"		500
3	"	501 - 1000	"	"		2,115½
5	"	1001 - up	"	"		26,120
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483	Stockholders			Total shares		40,993

FINANCIAL STATEMENTS

BALANCE SHEET—May 25th, 1946

ASSETS

CURRENT:

Cash on hand and in banks	\$ 52,184.30
Investment in Dominion of Canada Bonds (approximate market value \$209,000.00)	200,000.00
Accounts receivable, less reserve	150,448.16
Inventories as determined and certified by the management and valued at the lower of cost or market	393,274.25
Life Insurance—Cash Surrender Value	17,993.25
Officers' and Employees' Accounts	2,573.08

\$ 816,473.04

Refundable Portion of Excess Profits Taxes	133,671.61
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FIXED:

Land, buildings, machinery and equipment at cost	\$958,502.18
Less: Reserve for Depreciation	729,707.63

\$228,794.55

Deposits on new machinery	10,470.00
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239,264.55

Note—Commitments for new machinery amount to approximately \$100,000.00 at May 25th, 1946.

Deferred Charges	8,719.54
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\$1,198,128.74

LIABILITIES

CURRENT:

Bank advances (secured by Dominion of Canada Bonds)	\$ 100,000.00
Bank advances re Employees' Victory Bonds (secured by Dominion of Canada Bonds)	\$ 24,800.00
Less: Due from Employees	23,917.00

883.00

Accounts payable and accrued charges	113,564.95
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Dividends on Preference shares to October 1st, 1946, payable on and after July 1st, 1946	2,154.76
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Provision for taxes on income	128,993.90
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CAPITAL AND SURPLUS:

\$ 345,596.61

Capital Stock:

Authorized—100,000 5½% Cumulative Redeemable Preference shares of \$5.00 each (redeemable at \$5.50 per share)	\$500,000.00
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100,000 Common shares of no par value.

Issued— 15,671 5½% Cumulative Redeemable Preference shares of \$5.00 each	\$ 78,355.00
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81,986 Common shares of no par value	462,442.26
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\$540,797.26

Earned surplus	178,063.26
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Refundable portion of Excess Profits Taxes	133,671.61	852,532.13
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Letters of credit outstanding—\$20,412.00.

Approved on behalf of the Board:

\$1,198,128.74

"E. B. EASTBURN," *Director.*

"C. V. LANGS," *Director.*

The Directors,
National Hosiery Mills, Limited,
Hamilton, Ontario.

We have examined the foregoing Balance Sheet of National Hosiery Mills, Limited, as at May 25th, 1946, and report that in our opinion it has been drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at that date according to the best of our information and the explanations given us and as shown by the books of the Company.

June 25th, 1946.

S. G. RICHARDSON & CO., *Chartered Accountants.*

PRO FORMA BALANCE SHEET
As at May 25th, 1946

After giving effect as at that date to:

1. The redemption of the outstanding 15,671 5½% Cumulative Redeemable Preference shares (par value of \$5.00 each) called for redemption on October 1st, 1946, at \$5.50 and accrued dividends to that date.
2. The deposit by the Company with National Trust Company Limited on June 29th, 1946, of \$88,345.26 required to redeem the aforesaid Preference shares.
3. The granting of Supplementary Letters Patent dated 25th June, 1946.
 - (a) decreasing the authorized capital of the Company by the cancellation of the 84,329 unissued 5½% Cumulative Redeemable Preference shares of the par value of \$5.00 each and of the 18,014 unissued Common shares without nominal or par value.
 - (b) sub-dividing the 81,986 issued Common shares without nominal or par value into 81,986 Class "A" shares and 40,993 Class "B" shares, all without nominal or par value.

ASSETS

CURRENT:

Cash on hand.....	\$ 855.00
Investment in Dominion of Canada Bonds (approximate market value \$209,000.00).....	200,000.00
Accounts receivable, less reserve.....	150,448.16
Inventories as determined and certified by the management and valued at the lower of cost or market.....	393,274.25
Life Insurance—Cash Surrender Value.....	17,993.25
Officers' and Employees' Accounts.....	2,573.08
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	\$ 765,143.74
Refundable portion of Excess Profits Taxes.....	133,671.61

FIXED:

Land, buildings, machinery and equipment, at cost.....	\$958,502.18
Less: Reserve for depreciation.....	729,707.63
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	\$228,794.55
Deposits on new machinery.....	10,470.00
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	239,264.55
<i>Note</i> —Commitments for new machinery amount to approximately \$100,000.00 at May 25th, 1946.	
Deferred Charges.....	8,719.54
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	\$1,146,799.44

LIABILITIES

CURRENT:

Bank advances (secured by Dominion of Canada Bonds).....	\$ 137,015.96
Bank advances re Employees' Victory Bonds (secured by Dominion of Canada Bonds).....	\$ 24,800.00
Less: Due from employees.....	23,917.00
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	883.00
Accounts payable and accrued charges.....	113,564.95
Provision for taxes on income.....	128,993.90
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	\$ 380,457.81

CAPITAL AND SURPLUS:

Capital Stock:	
81,986 Class "A" shares of no par value carrying a fixed cumulative preferential dividend of 60c per share per annum and convertible share for share into Class "B" shares.....	\$462,442.26
40,993 Class "B" shares of no par value.....	
Earned Surplus.....	170,227.76
Refundable portion of Excess Profits Taxes.....	133,671.61
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	766,341.63
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	\$1,146,799.44

Letters of credit outstanding—\$20,412.00.

The Directors,
National Hosiery Mills, Limited,
Hamilton, Ontario.

We have examined the foregoing Pro Forma Balance Sheet of National Hosiery Mills, Limited, as at May 25th, 1946, and report that in our opinion it has been drawn up so as to exhibit a true and correct view of the state of the Company's affairs as at that date, after giving effect to the changes set forth therein, according to the best of our information and the explanations given to us.

S. G. RICHARDSON & CO.,
Chartered Accountants.

June 25th, 1946.

PROFIT AND LOSS ACCOUNT **Period January 1st, 1946, to May 25th, 1946**

Profit from operations.....		\$245,509.16	
Add: Income from investments.....		1,416.78	
			\$246,925.94
Deduct: Directors' fees.....	Nil		
Salaries, Executive officers.....	\$10,029.58		
Legal expense.....	Nil		
Provision for depreciation.....	18,660.10		
Life Insurance.....	420.25	29,109.93	
			\$217,816.01
Deduct: Provision for taxes on income.....		124,993.90	
Net Profit for period.....			<u>\$ 92,822.11</u>

SURPLUS ACCOUNT **May 25th, 1946**

Balance December 31st, 1945.....		\$ 92,426.11	
Deduct: Net adjustment due to additional Income Tax assessment for years 1942-43.....		3,812.42	
			\$ 88,613.69
Add: Net profit for period January 1st, 1946, to May 25th, 1946....	\$ 92,822.11		
Deduct: Dividends Preference shares.....	\$3,232.54		
Loss on investments sold.....	140.00	3,372.54	89,449.57
Balance May 25th, 1946.....			<u>\$178,063.26</u>

COMPARATIVE STATEMENT OF EARNINGS

The Directors,
National Hosiery Mills, Limited,
Hamilton, Ontario.

We have examined the following Statement of Earnings of National Hosiery Mills Limited and report that, in our opinion, subject to the footnotes thereto, it fairly presents the earnings of the Company for the ten years ended December 31st, 1936, to 1945, inclusive:

Year ended Dec. 31st	Net earnings before providing for Depreciation, Interest, and Taxes on Income	Provision for Depreciation	Interest and Exchange (Net)	Net earnings before provision for Taxes on Income	Provision for Taxes on Income at the rates in effect during the respective years (including refundable portion)	Net earnings (excluding estimated refundable portion of taxes)	Estimated refundable portion of Excess Profit Taxes
1936	\$ 63,724.30	\$ 49,659.43	\$ 12,620.56	\$ 1,444.31	\$ 405.36	\$ 1,038.95	
1937	64,703.95	59,663.28	18,323.78	13,283.11	Loss	13,283.11	Loss
1938	83,904.44	58,243.38	20,099.69	5,561.37	1,022.04	4,539.33	
1939	123,498.65	56,337.39	19,877.27	47,283.99	10,189.82	37,094.17	
1940	72,080.53	65,442.29	16,719.14	10,080.90	Loss	10,080.90	Loss
1941	167,352.23	69,562.54	16,304.44	81,485.25	32,786.31	48,698.94	
1942	243,358.67	77,283.44	6,336.95	159,738.28	108,922.62	50,815.66	\$ 9,787.59
1943	282,469.49	78,081.48	2,193.73	202,194.28	163,352.94	38,841.34	27,316.11
1944	353,290.03	44,351.39	1,128.38	307,810.26	264,260.85	43,549.41	46,816.65
1945	348,766.93	23,973.53	1,527.09	323,266.31	278,933.91	44,332.40	49,751.26
	<u>\$1,803,149.22</u>	<u>\$582,598.15</u>	<u>\$115,131.03</u>	<u>\$1,105,420.04</u>	<u>\$859,873.85</u>	<u>\$245,546.19</u>	<u>\$133,671.61</u>

- The results for the years 1936 and 1937 include the losses of a wholly owned subsidiary company, Real Silk Hosiery Mills of Canada Limited, amounting to \$2,508.42 in 1936 and \$10,327.70 in 1937.
- The earnings for the year 1939 includes an item "Royalties previously provided for now annulled, \$10,580.60" which were set up in the year 1938 but due to an Exchequer Court decision were not paid. Income taxes at 1939 rates were paid on this item.
- Depreciation has been provided at normal rates but application is being made for accelerated depreciation for 1945 of \$8,310.41 which is not included in the above provision.
- Capital gains during the ten-year period ending December 31st, 1945, exceed capital losses and other charges to Surplus.

Hamilton, Canada, June 25th, 1946.

S. G. RICHARDSON & CO.,
Chartered Accountants.

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TORONTO STOCK EXCHANGE

FILING STATEMENT No. 581.
FILED, JUNE 1st. 1961.

NATIONAL HOSIERY MILLS LIMITED

Full corporate name of Company
Incorporated under the Laws of the Province of Ontario by
Letters Patent dated the 25th day of July, 1928.
Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

JUN 30 1961

(To be filed with respect to any material change in a company's affairs, including among other things,
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	(a) Change in the Officers and Directors of the Company (see paragraph 3); (b) Change in control of the Company (see paragraph 20); (c) Proposed change of location of Head Office of Company (see Schedule "A" hereto); (d) Proposed re-organization of the capital structure of the Company (see Schedule "A" hereto); (e) Proposed change in name of Company (see Schedule "A" hereto)
2. Head office address and any other office address.	230 Dundurn Street South, Hamilton, Ontario.
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<u>Officers:</u> Chairman of the Board- Eugene B. Eastburn, 44 Inglewood Dr., Hamilton, Ontario - Retired President - Earl A. Glick, 45 Avenal Drive, Toronto, Ontario - Financier Vice-President - Robert P. Brown, 6 Stream Avenue, Dorval, Quebec - General Manager Secretary-Treasurer - William Coldoff, 777 Eglinton Ave. West, Apt. 303, Toronto, Ont. - Executive <u>Directors:</u> Eugene B. Eastburn - as above Earl A. Glick - as above Robert P. Brown - as above William Coldoff - as above Harrison Verner - 363 Cortleigh Blvd. Toronto, Ont. Publisher Joseph Betel - 33 York Downs Ave. Toronto, Ont. Manufactur- er Murray Pezim - 37 Stormont Ave., Toronto, Ont. Account Executive
4. Share capitalization showing authorized and issued and outstanding capital.	13,279 Class "A" shares having no nominal or par value 355,658 Class "B" shares having no nominal or par value
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	(a) By a Deed of Trust dated the 30th of January, 1956, made between the Company of the First Part, National Trust Company Limited, Trustee, of the Second Part and The Celtic Knitting Company Limited, Guarantor, of the Third Part, the Company issued 4½% First Mortgage Bonds in the aggregate principal amount of \$700,000, of which \$75,000. is owing and is due and payable on January 30th, 1962. (b) By a Supplemental Trust Deed dated the 1st day of March, 1959, made between the Company of the First Part, National Trust Company Limited as Trustee of the Second Part and Nordic Hosiery Limited and The Celtic Knitting Company Limited as Guarantors of the Third Part, the Company issued 5½% Bonds in the aggregate principal amount of \$500,000, payable as follows: \$165,000 on March 1st in each of the years 1963 & 1964 170,000 on March 1st, 1965 with interest payable half-yearly on the 1st days of March and September in each year. (c) The Company, together with its subsidiary, Nordic Hosiery Limited has unconditionally guaranteed payment to National Trust Company Limited as Trustee under a Deed of Trust and Mortgage made by The Celtic Knitting Company Limited, of the First Part (a wholly owned subsidiary of the Company), National Trust Company Limited as Trustee, of the Second Part and the Company and Nordic Hosiery Limited as Guarantors, of the Third Part, securing an issue of First Mortgage Bonds limited to \$500,000, together with interest at the rate of 4½% per annum. There is an aggregate amount of \$100,000 of these bonds still outstanding which are due and payable on the 30th of January, 1962.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	Nil
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	Nil
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	Nil

THIS IS SCHEDULE "A" TO THE FILING STATEMENT OF
NATIONAL HOSIERY MILLS LIMITED, DATED the 25TH
DAY OF MAY, 1961.

1. The Directors of the Company have passed a Special Resolution changing the location of the Head Office of the Company from the City of Hamilton to the City of Metropolitan Toronto, in the Province of Ontario.

2. The Directors of the Company have passed a Special Resolution authorizing an application to His Honour the Lieutenant-Governor of the Province of Ontario for Supplementary Letters Patent

- (a) increasing the capital of the Company from 355,658 Class B shares having no nominal or par value to 736,721 Class B shares having no nominal or par value by the creation of an additional 381,063 Class B shares having no nominal or par value ranking on a parity with the presently existing Class B shares;
- (b) reclassifying and changing the 13,279 issued Class A shares having no nominal or par value into 13,279 issued Class B shares having no nominal or par value;
- (c) reclassifying the Class B shares having no nominal or par value, referred to in sub-paragraphs (a) and (b) hereof, as Common shares having no nominal or par value, and providing that the Common shares having no nominal or par value shall not be issued for a consideration exceeding in amount or value the sum of Five Million (\$5,000,000) Dollars or such greater amount as the board of directors of the Company may deem expedient on payment to the Treasurer of Ontario of the fees payable on such greater amount and on the issuance by the Provincial Secretary of a certificate of such payment;
- (d) varying the provisions of the Supplementary Letters Patents of the Company dated the 25th day of June, A.D. 1946 and the 10th day of December, A.D. 1951 respectively, by deleting and expunging therefrom all references to the rights, preferences, privileges and restrictions or limitations attaching to the Class A shares;
- (e) changing the name of the Company from National Hosiery Mills Limited to Phantom Industries Limited, or such other name as may be accepted by the Provincial Secretary of the Province of Ontario.

Meetings of both the Class A and Class B Shareholders of the Company have been called for June 2nd, 1961, when the Shareholders will be asked to consider and, if deemed advisable, to confirm the said two Special Resolutions.

If the second Resolution is confirmed, the authorized capital will then consist of 750,000 common shares having no nominal or par value, and the name of the Company will then be Phantom Industries Limited, or such other name as may be accepted by the Provincial Secretary of the Province of Ontario.

NOTE - The Exchange has been advised that subsequent to the date of the filing statement, Class "A" and Class "B" shareholders held their respective meetings on June 2nd at which time the Special Resolution authorizing an application for Supplementary Letters Patent providing for the capital re-organization and re-classification of shares, and the change of name of the company to "Phantom Industries Limited" was unanimously confirmed. The Special Resolution changing the location of the head office from Hamilton to Toronto was also unanimously confirmed.

FINANCIAL STATEMENTS

NATIONAL HOSIERY MILLS, LIMITED
(Incorporated under the laws of Ontario)

THE CELTIC KNITTING COMPANY, LIMITED and NORDIC HOSIERY LIMITED
(Incorporated under the laws of Canada)

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1960

[illegible]

NOTES TO THE FINANCIAL STATEMENTS

1. CONTINGENT LIABILITIES

- (a) National Hosiery Mills, Limited, together with Nordic Hosiery Limited at January 30, 1956, jointly guaranteed an issue of \$500,000 4½% First Mortgage Bonds of The Celtic Knitting Company, Limited. \$180,000 of these Bonds were outstanding at December 31, 1960 and are repayable \$80,000 on January 30, 1961 and \$100,000 on January 30, 1962.
 - (b) The Company has been named as defendant in a suit for damages for alleged libel for an amount of \$250,000. However, in the opinion of counsel the ultimate liability, if any, will be inconsequential.
2. The Company and its subsidiaries intend to claim Capital Cost Allowance for income tax purposes of \$66,670 in excess of depreciation taken in the Companies' accounts. This higher amount has resulted in increasing the refund of income taxes and reducing the loss for the year by approximately \$20,000. Capital Cost Allowance claimed or intended to be claimed exceeds the accumulated depreciation recorded in the accounts by \$280,528. The accumulated amount by which income taxes have been reduced in this way is approximately \$112,000.

NATIONAL HOSIERY MILLS, LIMITED

and

Its wholly-owned Subsidiary Companies

THE CELTIC KNITTING COMPANY, LIMITED

NORDIC HOSIERY LIMITED and GLOBE PROCESSING LIMITED

CONSOLIDATED STATEMENT OF EARNINGS RETAINED IN THE BUSINESS FOR THE YEAR ENDED DECEMBER 31, 1960

BALANCE — DECEMBER 31, 1959	\$ 1,875,443
Net Loss for the year	444,665
	<u>\$ 1,430,778</u>
Dividends Paid	
Class A Shares	\$ 2,684
Class B Shares	28,433
	<u>31,117</u>
BALANCE — DECEMBER 31, 1960	<u>\$ 1,399,661</u>

NATIONAL HOSIERY MILLS, LIMITED

and

Its wholly-owned Subsidiary Companies

THE CELTIC KNITTING COMPANY, LIMITED

NORDIC HOSIERY LIMITED and GLOBE PROCESSING LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1960

Loss from Operations, before providing for undernoted items	\$ 248,317
Gain on Disposal of Fixed Assets	\$ 9,358
Investment and Rental Income	1,188
	<u>10,546</u>
	<u>\$ 237,771</u>
Provision for Depreciation	\$ 91,328
Interest on Bonds	45,324
Maintenance of Richmond Plant not in operation during year.....	15,573
Loss on Bankruptcy of a major customer (including non-marketable investment \$40,900)	80,369
	<u>232,591</u>
	<u>\$ 470,365</u>
Reduction of prior year's income tax on application of loss for current year	25,700
	<u>\$ 444,665</u>
Net Loss for the year (see Notes A & 2)	

Notes: A. Depreciation at rates normally used by the Companies has been provided by one of the subsidiaries. Depreciation has not been provided by National Hosiery Mills, Limited and the other subsidiaries. If depreciation at the normal rates used by the Companies had been taken it would have amounted to an additional charge of \$97,595.

B. The following items are included in the Operating Charges before determining the Loss from Operations:—

Remuneration of Executive Officers and Salaried Directors	\$ 56,517
Other Directors' Fees	2,025

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the Consolidated Balance Sheet of National Hosiery Mills, Limited and its wholly-owned Subsidiary Companies as at December 31, 1960 and the Consolidated Statements of Profit and Loss and Earnings Retained in the Business for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

As stated in Note A. to the Consolidated Statement of Profit and Loss, depreciation has not been provided for National Hosiery Mills, Limited and two of the subsidiary companies. If depreciation at the normal rates used by the Companies had been taken it would have amounted to an additional charge to the Consolidated Statement of Profit and Loss of \$97,595.

With the exception of the above, in our opinion, the accompanying Consolidated Balance Sheet and Consolidated Statements of Profit and Loss and Earnings Retained in the Business, when read in conjunction with the notes appended thereto, present fairly the financial position of the Companies as at December 31, 1960 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.,
Chartered Accountants.

HAMILTON, March 30, 1961.

NATIONAL HOSIERY MILLS LIMITED
(Incorporated under the laws of Ontario)
and

AND
NATIONAL HOSIERY MILLS LIMITED

THE CELTIC KNITTING COMPANY LIMITED and MORDIC HOSIERY LIMITED
(Incorporated under the laws of Canada)

GLOBE PROCESSING LIMITED
(Incorporated under the laws of Quebec)

THE CELTIC KNITTING COMPANY LIMITED

CONSOLIDATED BALANCE SHEET AS AT APRIL 30, 1961

ASSETS

Current assets

Cash

Marketable securities - at cost

Accounts receivable, less provision for doubtful accounts

Inventories of raw materials, work in process, finished goods and supplies - at the lower of estimated cost or market

Federal income taxes recoverable

Prepaid expenses

$$\begin{array}{r} \$ \quad 2,294. \\ \quad 2,000. \\ \hline 496,233. \end{array}$$

Current liabilities

Bank overdraft
Accounts payable and accrued liabilities
 $4\frac{1}{2}\%$ First mortgage bonds due January 30, 1962
Unclaimed dividends

$$\begin{array}{r} \$ 854,802. \\ 301,218. \\ 175,000. \\ \hline 13,087. \\ \hline \$1,344,107. \end{array}$$

SOURCE OF FUNDS

APPLICATION OF FUNDS

To purchase of new plant and equipment	\$ 2,585.
To increase in cash surrender value of life insurance	558.
To payment of dividends	663.

Trade Marks - at cost

5,000.

\$177,806.
33,559.
\$211,365.

SHAREHOLDERS' EQUITY

Capital stock

Authorized and issued:
13,500 Class A shares of no par value carrying a fixed cumulative preferential dividend of 20¢ per share per annum and convertible share for share into Class B shares (6,714 shares converted into Class B shares, including 33 shares converted during the year)

\$277.297

Excess of net asset value of subsidiaries
over purchase price at date of acquisition
Earnings retained in the business

$$\begin{array}{r} 307,384. \\ 1,397,437. \\ \hline 2,167,263. \\ 2,167,263. \\ \hline \$4,011,370. \end{array}$$

The above balance sheet has been prepared from the books and accounts of National Hosiery Mills Limited and its wholly-owned subsidiaries.

No provision has been made for depreciation on fixed assets for the period January 1, 1961, to April 30, 1961.

We hereby certify that there has been no material change in the financial position of the company, including its wholly-owned subsidiaries, from December 31, 1960, being the date of the latest audited financial statement of company, to April 30, 1961.

(Director)

Approved on behalf of the Board;

(Director)

Chartered Accountants.

The above statement of source and application of funds was prepared by us from the audited financial statements of the company and its subsidiaries for the periods ended December 31, 1960 and April 30, 1961.

Approved on behalf of the Board:

..... (Director)

..... (Director)

NET DECREASE IN WORKING CAPITAL

Add - Net loss for period

TOTAL APPLICATION OF FUNDS

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR FOUR (4) MONTHS ENDED APRIL 30, 1961

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9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	To carry on its normal business of manufacturing hosiery.															
10. Brief statement of company's chief development work during past year.	During the past year the Company carried on its normal business of manufacturing hosiery.															
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Nil															
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Nil															
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	Nil															
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	Nil															
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<table><tr><td>Evans, Jenkin & Co. Ltd.</td><td>360 Bay Street Toronto, Ontario.</td><td>56,492 shares</td></tr><tr><td>Joanne Holdings Limited</td><td>Suite 103, 160 Bay Street, Toronto, Ont.</td><td>45,602 "</td></tr><tr><td>Eugene B. Eastburn</td><td>44 Inglewood Dr., Hamilton, Ontario</td><td>26,500 "</td></tr><tr><td>Moss Lawson & Co. Ltd.</td><td>219 Bay Street, Toronto, Ontario</td><td>22,830 "</td></tr><tr><td>Christoper Ferriman & Joesph E. Millward (in trust)</td><td>C/o Bk. of Montreal, Royal York Hotel Branch, 72 Front St. West, Toronto, Ont.</td><td>12,835 "</td></tr></table> <p>All the above shares are free. Joanne Holdings Limited is the beneficial owner of the shares registered in its name and of 40,000 shares registered in the name of Evans, Jenkin & Co. Ltd. The signatories hereto are not aware of who are the beneficial owners of the remaining shares set out above.</p>	Evans, Jenkin & Co. Ltd.	360 Bay Street Toronto, Ontario.	56,492 shares	Joanne Holdings Limited	Suite 103, 160 Bay Street, Toronto, Ont.	45,602 "	Eugene B. Eastburn	44 Inglewood Dr., Hamilton, Ontario	26,500 "	Moss Lawson & Co. Ltd.	219 Bay Street, Toronto, Ontario	22,830 "	Christoper Ferriman & Joesph E. Millward (in trust)	C/o Bk. of Montreal, Royal York Hotel Branch, 72 Front St. West, Toronto, Ont.	12,835 "
Evans, Jenkin & Co. Ltd.	360 Bay Street Toronto, Ontario.	56,492 shares														
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Christoper Ferriman & Joesph E. Millward (in trust)	C/o Bk. of Montreal, Royal York Hotel Branch, 72 Front St. West, Toronto, Ont.	12,835 "														
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Joanne Holdings Limited, Suite 103, 160 Bay Street, Toronto, Ontario.															
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	The Company owns all the issued capital stock of The Celtic Knitting Company Limited, Nordic Hosiery Limited and Globe Processing Limited, all of which are private companies whose shares have no market value.															
18. Brief statement of any lawsuits pending or in process against company or its properties.	The Company has been named as a defendant in a suit for damages instituted by one Michael Jay for alleged libel in the amount of \$250,000. In the opinion of counsel for the Company, the ultimate liability, if any, will be inconsequential.															
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	The Directors of the Company know of no material contract entered into by the Company which is still in effect and which is not disclosed in this Filing Statement															
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	Pursuant to a letter agreement dated April 27, 1961, addressed to John B. Ridley, Joanne Holdings Limited purchased from the said John B. Ridley and his associates, and on the open market, a total of 185,000 shares of the capital stock of the Company at \$3.40 per share, and thus obtained control of the Company. The only person owning a greater than 5% interest in Joanne Holdings Limited is Earl A. Glick.															

DATED May 25th, 1961.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"E.A. Glick"

"W. Goldoff"

CORPORATE
SEAL

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)